

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**November 15, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Ruben Barcelo*

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| <b>Applicant:</b> | <b>California Statewide Communities Development Authority</b> |
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| <b>Allocation Amount Requested:</b> | <b>Tax-exempt:</b> \$28,500,000 |
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| <b>Project Information:</b> | <b>Name:</b> Warm Springs Inclusionary Apartments   |
|                             | <b>Project Address:</b> Northeast corner of South Grimmer Boulevard<br>and Old Warm Springs Boulevard |
|                             | <b>Project City, County, Zip Code:</b> Fremont, Alameda, 94538  |

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| <b>Project Sponsor Information:</b> | <b>Name:</b> Fairfield Warm Springs Affordable LP (Wakeland Warm Springs<br>Affordable LLC; and FFI Warm Springs Affordable LLC)  |
|                                     | <b>Principals:</b> Kenneth L. Sauder, Rebecca Louie, Joan Edelman and Buddy<br>Bohrer for Wakeland Warm Springs Affordable LLC; and<br>Christopher E. Hashioka, Gregory R. Pinkalla, Shant Koumriqian,<br>Jon A. MacDonald, Mandi Schalou, Pericles Raptis, Brent A. Ball<br>and Beth Ann Coleman for FFI Warm Springs Affordable LLC |
|                                     | <b>Property Management Company:</b> FF Properties L.P.  |

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| <b>Project Financing Information:</b> | <b>Bond Counsel:</b> Orrick, Herrington & Sutcliffe LLP |
|                                       | <b>Private Placement Purchaser:</b> Citibank, N.A.      |
|                                       | <b>Cash Flow Permanent Bond:</b> Not Applicable         |
|                                       | <b>Public Sale:</b> Not Applicable                      |
|                                       | <b>Underwriter:</b> Not Applicable                      |
|                                       | <b>Credit Enhancement Provider:</b> Not Applicable      |
|                                       | <b>Rating:</b> Not Applicable                           |
|                                       | <b>TEFRA Noticing Date:</b> April 18, 2017              |
|                                       | <b>TEFRA Adoption Date:</b> June 6, 2017                |

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|---|--|
| <b>Description of Proposed Project:</b> | <b>State Ceiling Pool:</b> General     |
|   | <b>Total Number of Units:</b> 102      |
|   | <b>Manager's Units:</b> 1 Unrestricted |
|   | <b>Type:</b> New Construction          |
|   | <b>Population Served:</b> Family       |

Warm Springs Inclusionary Apartments is a new construction project located in Fremont on a 1.61-acre site. The project consists of 101 restricted rental units and 1 unrestricted manager unit. The project will provide 51 one-bedroom units, 47 two-bedroom units and 4 three-bedroom units. The building will consist of one four-story garden style residential building of wood frame construction on concrete slab foundations. Common amenities will include a business center, computer lab, laundry rooms, clubhouse, courtyard, picnic area and elevator. Individual units will feature range/oven, microwave oven, dishwasher, disposal, refrigerator, ceiling fan, central air/heating, window coverings, cable/Internet access, patio/balcony and exterior storage space. The construction is expected to begin in November 2017 and to be completed in November 2019.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

34% (34 units) restricted to 50% or less of area median income households.

66% (67 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years.

**Details of Project Financing:**

|   |               |  |
|---|---------------|--|
| <b>Estimated Total Development Cost:</b>      | \$ 48,649,402 |  |
| <b>Estimated Hard Costs per Unit:</b>         | \$ 246,762    | (\$25,169,743 /102 units including mgr. units) |
| <b>Estimated per Unit Cost:</b>               | \$ 476,955    | (\$48,649,402 /102 units including mgr. units) |
| <b>Allocation per Unit:</b>                   | \$ 279,412    | (\$28,500,000 /102 units including mgr. units) |
| <b>Allocation per Restricted Rental Unit:</b> | \$ 282,178    | (\$28,500,000 /101 restricted units)           |

| <b>Sources of Funds:</b>   | <u>Construction</u>  | <u>Permanent</u>     |
|----------------------------|----------------------|----------------------|
| Tax-Exempt Bond Proceeds   | \$ 28,500,000        | \$ 11,947,000        |
| LIH Tax Credit Equity      | \$ 2,792,104         | \$ 19,120,687        |
| General Partner Capital    | \$ 3,074,753         | \$ 3,350,000         |
| Deferred Developer Fee     | \$ 2,500,000         | \$ 2,500,000         |
| Deferred Costs             | \$ 283,044           | \$ 0                 |
| Master Developer Subsidy   | \$ 11,500,000        | \$ 11,500,000        |
| Net Income From Operations | \$ 0                 | \$ 231,714           |
| Land Donation              | \$ 1                 | \$ 1                 |
| <b>Total Sources</b>       | <b>\$ 48,649,902</b> | <b>\$ 48,649,402</b> |

| <b>Uses of Funds:</b>                             |                      |
|---|----------------------|
| Land Cost/Acquisition                             | \$ 55,001            |
| New Construction                                  | \$ 25,704,720        |
| Contractor Overhead & Profit                      | \$ 2,880,750         |
| Architectural Fees                                | \$ 1,810,000         |
| Survey and Engineering                            | \$ 500,000           |
| Construction Interest and Fees                    | \$ 3,004,485         |
| Permanent Financing                               | \$ 12,500            |
| Legal Fees  | \$ 105,000           |
| Reserves  | \$ 316,634           |
| Appraisal   | \$ 3,000             |
| Hard Cost Contingency                             | \$ 1,501,860         |
| Local Development Impact Fees                     | \$ 4,669,902         |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 1,965,550         |
| Developer Costs                                   | \$ 6,100,000         |
| <b>Total Uses</b>                                 | <b>\$ 48,629,402</b> |

**Analyst Comments:**

None.

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**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:**

62.5 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$28,500,000 in tax-exempt bond allocation.

**ATTACHMENT A**

**EVALUATION SCORING:**

| Point Criteria   | Maximum Points Allowed for Non-Mixed Income Projects | Maximum Points Allowed for Mixed Income Projects | Points Scored |
|--|--|--|---------------|
| Preservation Project   | 20   | 20   | 0             |
| Exceeding Minimum Income Restrictions:   | 35   | 15   | 35            |
| Exceeding Minimum Rent Restrictions<br>[Allowed if 10 pts not awarded above in Preservation Project] | [10]   | [10]   | 10            |
| Gross Rents  | 5  | 5  | 5             |
| Large Family Units   | 5  | 5  | 0             |
| Leveraging   | 10   | 10   | 0             |
| Community Revitalization Area  | 5  | 5  | 0             |
| Site Amenities   | 10   | 10   | 2.5           |
| Service Amenities  | 10   | 10   | 0             |
| New Construction or Substantial Renovation   | 10   | 10   | 10            |
| Sustainable Building Methods   | 10   | 10   | 0             |
| Forgone Eligible Developer Fee<br>(Competitive Allocation Process Only)                              | 10   | 10   | N/A           |
| Minimum Term of Restrictions<br>(Competitive Allocation Process Only)                                | 10   | 10   | N/A           |
| Negative Points (No Maximum)   | -10  | -10  | 0             |
| <b>Total Points</b>  | <b>140</b>   | <b>120</b>                                       | <b>62.5</b>   |